

LMI ADVISORY GROUP
Thursday, OCTOBER 23, 2008
Meeting Minutes

Advisory Group Attendees:

| | |
|---------------------|--|
| DAN BLAKE | Economic Research Center, Northridge |
| LAURA COLEMAN | Los Rios Community College District, Centers of Excellence |
| PETER COOPER | California Labor Federation |
| JOE DARIN | California Community College System |
| SOCORRO GARCIA | EDD – Workforce Services Branch |
| PATRICIA DE COS | California Research Bureau |
| RICHARD DELLA VALLE | Economic & Workforce Development |
| KEITH EDMONDS | California Department of Education |
| KAY FERRIER | California Department of Education, Adult Education |
| LAURA HARRIS | Riverside County Workforce Development Center |
| SANDY IWATSURU | Employment Development Department |
| MATHER KEARNEY | California Business Investment Services |
| NEIL KELLY | California Department of Education, Adult Education |
| JANET MAGLINTE | California Economic Strategy Panel |
| AMAR MANN | Bureau of Labor Statistics |
| JOHN MERRIS-COOTTS | California Career Resource Network |
| THERESA MILAN | Los Rios Community College District, Centers of Excellence |
| DAVID MILITZER | California Department of Education |
| JAVIER MINJARES | Southern California Association of Governments |
| CLIFF MOSS | California Department of Education, Adult Education |
| BEV ODOM | California Workforce Investment Board |
| DENNIS REID | Bureau of Labor Statistics |
| ROY STATON | Employment Development Department |
| VIRGIL WELCH | California Air Resources Board |
| STACY WILSON | California Postsecondary Education Commission |

LMID Staff:

Margo Gonzales
Bonnie Graybill
Jeff Koller
Janet Peters
Esther Ruiz
Steve Saxton
Fran Styron
Paul Wessen

Recorders: Kevin Wong and Larry Dienes

Welcome – Bonnie Graybill and Steve Saxton

Bonnie Graybill welcomed the advisory group and introduced Jeff Koller as the new manager of the Information Services Group at LMID.

Steve Saxton commented on LMID's effort to understand the "green" economy by diligent research. A compendium on the green economy is made available to the public via the California EDD Labor Market Information website (<http://www.labormarketinfo.edd.ca.gov/?pageid=1032>). Several participants of the advisory group appreciated the breadth of the information provided and have found the website very helpful.

Review of July 17, 2008 Minutes

Changes to the prior meeting's minutes include:

- Page 2, bottom – "Using the Department of Labor *sponsored* CASAS software..." should read "Using the Department of Labor *approved* CASAS software..."
- Page 3, Laura's comment should read that some One Stop clients do not know where to start or how to turn on a computer.

(Note: These corrections have been made to the minutes posted online.)

Economic Update – Paul Wessen

The PowerPoint slideshow of this presentation will be made available on the following website: <http://www.labormarketinfo.edd.ca.gov/?pageid=1022>

There are few reasons for optimism in the current uncertain environment as the economic crisis spreads to a global scale. Growing concerns have led people to believe that, if not already in a recession, the country is certainly headed in that direction. An economic recession is a significant decline in economic activity spread across the economy, lasting for at least two quarters, normally visible in real GDP, real income, employment, industrial production, and wholesale-retail sales. Certain conditions to expect include:

- Declining industrial production
- More severe job loss
- Continuing increase in unemployment
- Further deepening of housing crisis due to job loss
- More problems in banking
- More distressed debt

The annual rates of change for real GDP for 2007;Q4 indicate sub-par growth in real GDP, a characteristic of an economic recession. Though 2008;Q2 may show that real GDP is on an upswing, the increase has been attributed to an acceleration in exports, a decrease in imports, a smaller decrease in residential fixed investment, an acceleration in nonresidential structures, and an upturn in state and local government spending, all of which is not expected to be sustained.

U.S. housing prices are not expected to recover until Spring 2009 as the market has been producing negative annual rates of change since 2006:Q1. The declining home prices exacerbate the credit crisis, which, in turn, deepens the housing problem. In addition to the housing and financial crisis, consumer spending has been weak for the prior three quarters. Though consumer spending continues to be growing, the figures are far below normal. Compounded with the credit problem, high gas prices, and an overall higher cost of living, it is hard to see consumer optimism. Continued growth in consumer spending is unsustainable, and a consumer pullback has long been predicted. Lower consumer spending can equate to job loss, potentially leading to a severe and prolonged recession.

As the housing and financial crisis spreads through much of Europe, the U.S. dollar is gaining value. U.S. exports will be more expensive to buy and, consequently, the demand will lessen. Although exports are expected to be a bright spot in the US economy, the weaker global economy will likely constrain the U.S. export growth rates.

With increasing job loss, the U.S. unemployment rate for September 2008 has risen to 6.1 percent from a recent low of approximately 4.5 percent in late 2006. This translates to approximately 9.5 million unemployed civilians, with a year over change of 30.8 percent, or approximately 2.2 million. The U.S. employment rates have dropped as well, falling from 146.3 million in September of 2007 to 145.3 million in September of 2008, a year-over decline of one million, or -0.7 percent.

U.S. non-farm payrolls have shown nine consecutive months of job loss, approximately 760,000 jobs over the period. Seven out of eleven U.S. industry sectors have experienced job declines, with the most significant coming from the Manufacturing industry losing 392,000 jobs. Other industries with significant loss include: Trade, Transportation and Utilities at -360,000; Construction at -340,000; and Professional and Business Services at -297,000. On the other side, the industries that have shown significant job growth include Educational and Health Services at 451,000 and Government at 209,000. Year-over job loss from September of 2008 for Wholesale and Retail trades are 51,400 and 250,400, respectively.

The California unemployment rate for September of 2008 has risen to 7.7 percent from a recent low of approximately 4.9 percent in late 2006. This translates to approximately 1.43 million unemployed civilians, with a year over change of 38.8 percent, or 398,000. California employment has dropped as well, falling from 17.22 million in September of 2007 to 17.07 million in September of 2008, a year-over change of -150,000, or -0.9 percent. A historical charting of both the unemployment and employment rates since 1976 show that recent statistics may indicate a severe recession as the year-over change shows one of the deepest economic downturns since 1991.

California Total Non-Farm payrolls have dropped significantly since September 2007 with a loss of 77,200 jobs. The employment slowdown that was centered in housing is spilling into the larger economy. Construction and Financial Activities have moved from a year over increase of 107,500 jobs in January 2006 to a year over decrease of 108,100 in September

2008. In all industries excluding Construction and Financial Activities, a year over gain of 242,500 in September 2005 dropped to an increase of 30,900 in September 2008.

The California industry trends closely follow that of the US with the most significant job loss coming in the Construction industry at 51,600 jobs. Other industries with significant loss include: Trade, Transportation and Utilities at 25,000; Financial Activities at 22,300, and Manufacturing 20,700. On the other side, the industries that have shown significant job growth include Educational and Health Services at 36,400 and Government at 6,900.

Q: Will the financial downturn spread to the other industries? How will Trade, Transportation and Utilities be affected?

A: Gas prices have dropped dramatically, but that has not provided any overall benefit. The outlook is bad for the approaching holiday season as consumers are spending less. There is a lack of certainty as to the effects and extent of the financial crisis.

Q: What is being done to curb the foreclosures?

A: Not much. The adjustment has to play itself out. Home prices must come down and be affordable for people. The current prices are not sustainable. Additionally, there is an over valuation of assets in the stock market that must incur adjustments.

Q: Education seems to be faring better. Is it because it is looking at a snapshot in time (e.g. prior to recent budget cuts)?

A: The figures for Education include only private education, not public education. Public education is captured in the Government category.

Q: How is this recession different from the last?

A: A typical recession is consumer driven. Less spending equates to less manufacturing and produces fewer jobs. The recession during the 90's was different in that it was the end of the Cold War and there was less spending in national defense. The recession in 2001 was the result of the collapse of the Internet boom. The current recession is a product of the meltdown of the financial and housing markets. The industry should expect to see an increase in regulations as a result.

Q: Is there a correlation between productivity and a decrease in economic downturn?

A: Increases in productivity are good for profitability, but not for job growth. Productivity gains can lead to a diminished need for workers.

Learning Labs Report – Terri Thompson and Patti Espinosa

Patti Espinosa is the manager of the Learning Lab located at the One-Stop Career Center at 50th and Broadway, in Sacramento. Her phone number is (916) 227-0318. Learning Labs are a pilot test of a joint delivery of One Stop Career Center Services by Employment

Development Department's Workforce Services offices and the Local Workforce Investment Areas offices. There are currently 12 areas in the state that are pilot testing this joint delivery.

The Learning Lab's primary goal is to help the customers learn and develop essential skills for a better job and career. As opposed to the previous self-service center, it provides a one-on-one program that assesses the customer's aptitudes to identify possible career paths. All customers (in the Sacramento Learning Lab environment) initially undergo the evaluation process by using the Keytrain software (a proprietary Work Keys-based assessment tool for which the Sacramento Employment Training Agency (SETA) is licensed). The staff then approaches and engages the customers to ascertain the reasons why they are not getting the jobs that they want, to determine what skills they need to learn, and show them where to obtain those skills. The Learning Lab staff direct customers to resources that are available, such as interviewing and resume building workshops, or no-to low-cost training at community colleges or adult education programs. The One-Stop Centers encourage customers to explore different areas to move toward the goal of employment and make sure the customers' choices lead to a growing job market.

The Learning Lab environment has been in place since July 2008. The customers have been happy with the change to the one-on-one, personal service being offered. Though the average wait time for the customers has been a little longer, the additional assistance that they are getting in return offsets any drawbacks.

Learning Labs also provide an opportunity to connect with the local Workforce Investment Boards (WIBs), and educate the partners on available LMI data and the required skills needed by the workforce.

Q: As there are a number of layoffs occurring, are job openings and turnover rates being looked at to provide career retraining recommendations?

A: There is a "critical industry" list that provides those industries that will be in need of a replenished workforce in the near future. The staff will look at that list to set customers up with the skills required to fill those jobs.

Q: What are the demographics of the clientele?

A: The age of the customers varies dramatically, from 18 to 50 or 60. The skill set of the people who do come in is not very high, some lacking the basic PC skills.

Q: Are there any language barriers in providing the services?

A: The issues of language barriers are regional. Some areas, such as Sacramento, do not present any language barriers. Other areas, such as Galt, do have language barriers. Attempts are being made at producing forms in different languages.

Q: Has there been an increase in the customers that do not have high school diplomas?

A: Yes. The staff encourages customers without diplomas to take the General Educational Development (GED) tests.

Patti Espinosa of the EDD Mark Sanders Career Center in Sacramento attributes the success of the center to thorough planning. Meetings were held eight months prior to the launch of the Learning Lab and all staff was involved. Staff would meet on a weekly basis to develop plans and work flows. Though there was no formal training involved, a lot of team building activities were essential to the success, as well as on-going communication with the staff. It was important to communicate what is or isn't working in this environment and constant improvement was necessary.

Terri Thompson, Deputy Division Chief of Region 3 in Northern WSB, noted significant challenges in the rollout of the program in one of the other locations in the northern counties. They had problems with the information technology, the staff, including a change in the director, and a backlog in the data collection efforts. Another task at hand is to keep the workforce investment and governing boards informed, to educate on the data versus the idea of success and the goals of the program, and to show the labor market correlation to the skills training being provided.

Q: How has the measure of success changed in the old system versus the new system?

A: There has been an increase in customers in the One-Stop Career Centers. Some centers see between 200-300 customers a day. The services are being provided to the same customers as before; however, the indicator of success will be more evident down the road when the customers have sustained employment.

Success is not only being looked at by way of enrollment, it is also looking at the engagement of the customer, the customers coming back for a second visit to provided information in regards to training or setting up a plan. One goal is to have returning customers and engage them in the next steps.

Q: Will the measurement of success be connected to the individual employment plans?

A: Every lab is doing something different to determine where they want to go with the program and what they are lacking.

Q: Does the training help the customer just get the job, or is the training for Skills building?

A: It is geared towards skills building. Before, under the previous structure, it was self-directed and this didn't lend it to identifying and developing key skills, as does the current program.

Economic Strategy Panel 2008 Regional Profiles

Janet Maglinte, California Labor & Workforce Development Agency

Background: In order to understand the State's economy and the changes taking place within industry sectors and clusters, it is important to recognize the regional nature of the economy and to analyze the economic base by region. The statewide and nine regional economic profiles provide analyses of the patterns of employment, business establishments, wages, population, unemployment rate, and other key factors.

<http://www.labor.ca.gov/panel/espcrep.htm>

2008 Economic Regional Profile Highlights:

- Prepared annually to provide information on California's nine economic regions.
- Reflect the most recent Current Employment Statistics (CES) and California Regional Economies Employment Series (CREE) data.
- Shortened from 70+ pages per region to an update with industry highlights.
- Additions include a section on Housing and a reference to Energy and the Green Economy.
- Includes charts and graphs to describe economic changes.
- The statewide economic profile follows a similar format, and includes regional comparisons

The Profiles also include:

Examples of the "Indicators" (Business, Workforce, QOL)

- GDP Growth
 - While jobs grew by 6.1%, the GDP grew by 33.9% (2001-2006)
- Educational Attainment
 - 29% of the population age 25 and older has a Bachelor's Degree or higher (2006)
- Poverty
 - 9.7% of families were living in poverty (2006)
- Average Commute Time
 - 26.8 minutes one-way (2006)
- Affordable Housing
 - The share of homes affordable for median income ranged from 4.9% in the Napa area to 36.8% in the Chico area (4th Qtr 2007)

The Next Generation of Profiles – Issues to Address

- Address the need for most timely information
- Consider publishing online, using dynamic data
- Do the format and content meet end users' needs?
- Are the regional boundaries still accurate?
- Are there other long-term issues relating to the Economic Profiles?

Regional Clusters of Opportunity

Janet Maglinte and Joe Darin from California Community Colleges System Office

Industry Clusters of Opportunity – Applying the Methodology

The Economic Strategy Panel, in partnership with the California Workforce Investment Board, the California Community Colleges (and LMID) is conducting a series of training workshops around the state to bring together stakeholders in a region to identify clusters of opportunity, and plan for strategic development in their region.

Background: An industry sector is a group of firms that are doing the same type of work, making the same type of products, or providing the same types of services. An industry cluster is a group of interdependent industry sectors characterized by competing firms and buyer-supplier relationships, as well as shared labor pools and other specialized infrastructure. Clusters are also geographically concentrated.

The training workshops are presented in two parts:

Part I – How to identify clusters of opportunity

Part II – How to put clusters of opportunity to work

Workshop participants receive hands-on training. Participants work in teams with colleagues from different disciplines from various organizations and leave with an action plan.

Upcoming training workshops:

January 15, 2009 at Yuba Community College

January 16, 2009 at Sierra College

March 19, 2009 in Santa Rosa

The workshop originally scheduled for November 11, 2008 in Quincy will be rescheduled.

Clusters training helps identify growth industries, which aid community colleges in tailoring their programs. The “build it, they will come” model does not work.

Patricia de Cos asked if the spreadsheet is broken down into occupational information. Joe Darin replied that it includes occupations, skills needed, wages, and related occupations.

Bonnie Graybill added that the skills data is from the Department of Labor’s O*NET database.

Steve Saxton commented that the combination of professionals at the workshops (college presidents, high-level executives) leads to great discussions.

Bev Odom of the California Workforce Investment Board (WIB) added that she attended a workshop and that it was a creative process. She asked if identification of a cluster led to action. Bonnie replied that they leave with an action plan. Janet added that their action plans may vary – some may have to build official connections while others may be advanced and be able to get working quicker.

Q: What is the time lag between mining and compiling information?

A: The lag is half a day.

Q: What's the data gap?

A: It is 1.5 to 2 years.

Joe Darin said that the spreadsheet is historical – when used in conjunction with Centers of Excellence Scans it can act as a predictor.

Update on ESP Green Economy Regional Forum

Janet Maglinte

Janet had little information at this time, but she will make a presentation when more information is available. Bonnie recommended the ESP's "Green & Clean Technology in California" monograph.

http://www.labor.ca.gov/panel/pdf/DRAFT_Green_Economy_031708.pdf

ARB Scoping Plan AB32

Virgil Welch, California Air Resources Board

Virgil Welch explained Assembly Bill 32, Global Warming Solutions Act of 2006.

<http://www.arb.ca.gov/cc/scopingplan/document/scopingplandocument.htm>

Highlights of the Proposed Scoping Plan:

- Plans to reduce California's greenhouse gas emissions to 1990 levels by 2020
- Provides a model for regional, national and international programs
- Plans to promote growth of the state economy and investment in green technology
- Intends to protect and improve public health

Recommendations

- Mix of strategies that combine regulations and fees.
- Key elements:

- Energy efficiency efforts
- Renewable energy subsidies
- California cap and trade mandates
- Restrictions on transportation-related emissions
- Existing laws and policies
- Targeted fees

Economic Evaluation

- Position California to move toward more sustainable future
 - Energy efficiency and clean technology
- Additional evaluation during regulatory development

Q: What are the incentives for people to “green up?”

A: Incentives are preferred over a mandate. Economic incentives can be created for big business. California tax incentives are another possibility.

Q: How is the reduction in cost possible?

A: Efficiency.

Q: Was growth taken into account in the 2020 model?

A: Reaching the goal by 2020 is not as difficult as it sounds because it’s only a 25% reduction in emissions. California needs better growth planning so that we don’t need to drive as much. (The 2050 goal is much more aggressive!)

Bonnie commented that inefficient old homes need to be retrofitted, as one way to save energy.

Q: What is the impact of emissions of out-of-state and international trucks?

A: Inefficient trucks are a problem.

Virgil mentioned that a solar energy-capturing paint for houses is under development.

Q: Would there be incentives for solar companies to make solar energy conversion less expensive?

A: A quasi-governmental European incentive model may be an option.

Virgil commented that the Proposed Scoping Plan will lead to regulations if approved.

Javier Minjares (SCAG) commented that he hopes the plan will not be like the electricity plan that almost bankrupted the state. Virgil responded, “that would be bad”.

Bonnie said the plan needs to be concrete so people will actually know what to do to be green – there is a great deal of legal jargon to go through. Virgil agreed.

Q: Is nuclear energy an option?

A: California law prohibits the construction of any new nuclear power plants in California until the Energy Commission finds that the federal government has approved and there exists a demonstrated technology for the permanent disposal of spent fuel from these facilities.

Bev added that we will have to balance trade-offs. Virgil responded that the plan is regulated by law to make sure there are no negative health effects.

Wrap Up/Closing Comments/Next Agenda

Meeting Critique:

| + | Δ |
|-------------------------------------|---|
| Good presentations overall | Lack of graphic data on “green” |
| Good work by Janet Maglinte | Not clear how to find resources (hyperlinks in minutes) |
| Paul Wessen answered questions well | |
| Great group – full house | |

Next LMI Advisory Meeting: January 29, 2009

Proposed agenda:

- Green – Economic Strategy Panel forum input
- Green – LMID project update
- Status of the CWIB Green Jobs Council
- Economic update from Paul Wessen and discussion of the economy
- Uses of Conference Board’s Help Wanted Online listings
- LMID online products update
- Patricia de Cos’ study of career education in the K-12 system